

The business of the Bank of Japan is done largely through its note issues, as in the case of the Bank of France. Not only is the deposit system a thing of recent growth in Japan, but such private deposits as exist find their way more generally to the joint-stock banks than to the central bank.<sup>1</sup> As the result of the war and the magnitude of the enterprises carried on by the government, especially since it took over the tobacco trade and the railways, a large part of the resources of the Bank of Japan are absorbed in transactions for the state. Hence the relatively small amounts of commercial bills discounted which appear in the table below of the operations of the Bank of Japan for representative years :

*Operations of the Bank of  
Japan.*

DEC. 31	CIRCULATION.	SPECIE.	BILLS DISCOUNTED.
	(In yen, = \$0.498)		
	3,956,161	3,311,461	1,314,567
1885	102,931,76	44,622,413	21,562,322
1890	6	60,370,797	34,690,723
1895	180,336,81	67,349,129	97,558,216
1900	5	116,962,18	44,380,493
1903	228,570,03	4	69,595,616
1904	2	83,581,226	109,184,17
1905	232,920,56	115,595,02	7
1906	3	6	106,001,666
1907	286,625,75	147,202,12	124,609,07

The Bank of Taiwan was made the instrument of Japanese financial influence in Formosa in 1899. It was not at first deemed practicable to establish the gold standard in the island, and a loan of 2,000,000 yen in silver pieces of one yen was made to the bank by the government. The capital of the bank, which was 5,000,000 yen, only half paid, was subscribed by the government to the amount of 1,000,000 yen.<sup>3</sup> The ratio of the silver coins to gold was fixed for a time by the authorities, but the system did not

<sup>1</sup> The Yokohama Specie Bank had deposit balances at the close of 1905 of 110,295,323 yen and 1713 other banks 657,292,232 yea. *dal and Economic Annual of Japan*, 1906, 142.

<sup>5</sup> *The Post-Bellum Financial Administration of Japan*, 246.